

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 3204 – SB 3131

March 3, 2010

SUMMARY OF AMENDMENT (014699): Deletes the original language of the bill. Increases the maximum effective rate applicable to bonds issued by Energy Acquisition Corporations (EAC) from four to seven percentage points above the prime rate until June 30, 2012.

FISCAL IMPACT OF ORIGINAL BILL:

MINIMAL

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions applied to amendment:

- Energy acquisition companies issue their debt on the public market. Interest paid on the debt is paid by private individuals and entities.
- The costs incurred by EACs for debt issuance and service would be borne directly by the EAC and not by local governments. Customers of the EAC, including local governments, may indirectly incur either higher energy costs as a result of any new contracts that are negotiated after issuance of new debt at higher interest rates, but this impact on local governments is indirect, speculative, and cannot reasonably be quantified. There will be no direct costs to local governments.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White".

James W. White, Executive Director

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